



DEPARTMENT OF SOCIAL SECURITY

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copy

From the Secretary of State for Social Security

CONFIDENTIAL

Paul Gray Esq
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Pine Mink

This is set for 28 March 1990

Newton will be announcing this evening. H

Dear Paul involves some amendments from the earlier package
I advised to you (and that you were asked to colleagues to look at).

INCOME SUPPORT RESIDENTIAL CARE AND NURSING HOMES LIMITS

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As you know, we have been considering the steps that need to be taken following the defeat at Report stage of the NHS and Community Care Bill on the Opposition amendment to increase the amounts of Income Support paid in residential care and nursing homes. A broadly similar amendment has been put down by the Opposition to the Social Security Bill for Report stage tonight.

I am writing to let you know how my Secretary of State proposes to respond during the course of the debate and the measures he intends to announce. He does this of course with the consent of the Chief Secretary to the Treasury, and following Cabinet agreement that a substantive response was necessary.

Firstly, the Secretary of State intends to respond to the concerns expressed in the earlier debate about the situation of people with preserved rights to Income Support after 1991. He will move a new clause to the Bill to confirm his ability to specify in regulations cases in which an existing resident's Income Support is to be determined by reference to charges paid by a local social services authority under the new funding arrangements. He believes that it is desirable to move such a clause in order to ensure that the debate is conducted on the Government's terms rather than as a direct response to the Opposition amendment. The power would not be commenced, nor regulations made under it, without Treasury approval.

The power is designed simply as an enabling power to assist in setting up a system of more local limits, that is, a move to some system of geographical variation specified for districts or areas of Great Britain. We would not be able to use this power from April 1991; but we may want to start to use it in reviewing and setting the limits once we are satisfied that enough robust information is available from local authorities. We are also considering other ways in which to collect better information about costs and charges in homes and my Secretary of State will say that he expects to approve the commissioning of a study in the near future.

E.R.

Secondly, my Secretary of State has concluded that there is a case for further action ahead of 1991. He has therefore decided to introduce a second stage to the increase in the limits in 1990-91. In addition to the changes already announced and being made next month, from 13 August he proposes further targeted increases to all the Income Support limits to help maintain their value during the coming year.

In nursing homes the limits be increased in August 1990 by £10 for all categories, except that the increase will be £15 for the terminally ill. For residential care homes £5 will be added in August. The full picture is set out in the attached sheet. More than 200,000 people will benefit from these additional increases. The cost of these new improvements will be £72 million in a full year and the cost in 1990-91 will be £45 million, half of which will be met from the reserve. The remainder of the cost in 1990-91 and the full cost thereafter will be met without any net addition to the DSS programme.

I should add that my Secretary of State has considered carefully the suggestion made at Cabinet that any concession should be restricted to those already in homes and not apply to new cases. There are some practical and presentational difficulties and potential unfairness associated with this approach which he believes mitigate against it and which would more than cancel the political benefits to be gained from the measures outlined above. In particular, it would be difficult to defend excluding a group of residents - those entering homes between now and April 1991 - from receiving the additional Income Support payments from August that the Government are acknowledging are necessary for the rest. Setting August as the cut-off point could lead to an influx of cases into homes beforehand. The Secretary of State also believes that any possible public expenditure savings are likely to be insubstantial because of the relatively limited number of admissions to homes between August and the next uprating in April.

I am copying this note to the Private Secretaries to other members of the Cabinet and to Sonia Phippard.

Yours,

Stuart

J S LORD
Principal Private Secretary

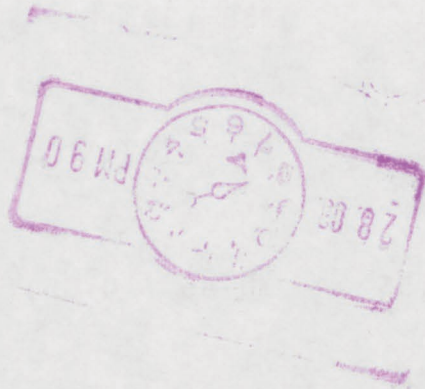
PROPOSED INCOME SUPPORT LIMITS FROM APRIL AND AUGUST 1990
(FIGURES IN BRACKETS SHOW LIMITS FROM APRIL 1989)

RESIDENTIAL CARE HOMES

<u>Registration Category</u>	<u>London (£)</u>		<u>Outside London (£)</u>	
	April	August	April	August
Elderly	173	176 (163)	150	155 (140)
Very dependent or blind elderly	188	193 (178)	165	170 (155)
Mentally ill	173	178 (163)	150	155 (140)
Drug or alcohol dependent	173	178 (163)	150	155 (140)
Mentally handicapped	198	203 (188)	175	180 (165)
Physically disabled and disablement began under pension age	233	238 (223)	210	215 (200)
Other (including physically disabled over pension age)	173	178 (163)	150	155 (140)
FOR PERSONAL EXPENSES	10.55	10.55 (10.05)	10.55	10.55 (10.05)

NURSING HOMES

<u>Type of Care</u>	<u>London (£)</u>		<u>Outside London (£)</u>	
	April	August	April	August
Elderly and other (including physically disabled over pension age)	223	233 (213)	200	210 (190)
Mentally ill	223	233 (218)	200	210 (195)
Suffering from drug or alcohol dependency	223	233 (213)	200	210 (190)
Mentally handicapped	238	248 (228)	215	225 (205)
Physically disabled and disablement began under pension age	268	278 (258)	245	255 (235)
Suffering from a terminal illness	268	283 (258)	245	260 (235)
FOR PERSONAL EXPENSES	10.55	10.55 (10.05)	10.55	10.55 (10.05)



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10 DOWNING STREET

LONDON SW1A 2AA

From the Private Secretary

29 March 1990

INCOME SUPPORT RESIDENTIAL CARE AND
NURSING HOMES LIMITS

Thank you for your letter of today's date which the Prime Minister has seen and noted.

I am sending a copy of this letter to Sonia Phippard (Cabinet Office).

Paul Gray

Stuart Lord Esq
Department of Social Security.

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Note
Told Shab (ad (DSS) re
PM's reaction.

RAC 6

26/3

PRIME MINISTER

SOCIAL SECURITY PAYMENTS FOR RESIDENTIAL AND NURSING

HOME CARE

You may like to be aware of the current state of negotiations between Departments about a possible concession following the Government defeat on social security support for residential and nursing home care.

I gather that DSS and Treasury Ministers are currently discussing a package along the following lines:

- a new clause in the Bill providing greater local flexibility in the payment arrangements under the new regime post-April 1991;
- for 1990/91 a package of increased limits possibly costing some £60 million. This would involve:
 - (a) increases in national rates from £5 a week for normal residential homes to £20 for the terminally ill in nursing homes.
 - (b) Increases in the London premium ranging from £2 for residential care to £7 for nursing homes.
 - (c) The introduction of a new premium for the South East (between the national and London rates) ranging from £5 for residential to £10 for nursing homes.

There will be further inter-Departmental discussions on Monday. The aim is to secure agreement to a package that could be announced mid-week.

(i) Content to let colleagues sort this out?

OR

(ii) Do you want me to feed in any reactions informally (bearing in mind you have not yet had any formal report on this)?

OR

(iii) Do you want to request an early formal report on the position reached?

Pro.

PAUL GRAY

23 March 1990

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